



South Carolina House of Representatives

Legislative Update

Robert W. Harrell, Jr., Speaker of the House

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HOUSE WEEK IN REVIEW

The House of Representatives approved and sent to the Senate H.4813, the General Appropriations Bill, and H.4814, the joint resolution appropriating Capital Reserve funds, which together comprise the \$6 billion proposed **STATE GOVERNMENT BUDGET** for fiscal year 2012-2013. The proposed budget includes \$5.979 billion in general funds.

Nearly \$400 million is placed in the financial reserve accounts that the state draws upon to cope with budget shortfalls, the General Reserve Fund and the Capital Reserve Fund. \$549 million goes to the state's property tax relief fund.

\$77 million is devoted towards paying off the unemployment insurance loan that the state had to obtain from the federal government when South Carolina's jobless benefit fund became insolvent. This State Unemployment Tax Authority (SUTA) debt funding is provided to reduce the unemployment insurance taxes that all the state's businesses pay for their employees, amounting to an average savings of 12.3% or \$51.11 for each worker.

An additional \$10 million is provided for the Deal Closing Fund that the Department of Commerce uses to recruit new business to the state. The budget legislation also provides that this economic development fund is to receive South Carolina's share of the multi-state mortgage settlement reached with the nation's major lending institutions which is expected to be around \$30 million.

The Harbor Deepening Reserve Fund is created within the State Ports Authority and \$180 million is provided to pay the state's full share of deepening the Charleston Harbor so that South Carolina can remain competitive in maritime shipping with a port capable of accommodating the larger vessels that will pass through the newly-expanded Panama Canal.

An additional \$152 million is included for K-12 education, allowing for an increase in the Base Student Cost to \$2,012 per student. Additional funds are to be used to provide a 2% pay raise for teachers. School districts that demonstrate they are unable to fund these pay increases may apply for a waiver. An additional \$5 million is provided for the state's Public Charter School District.

The budget legislation discontinues state-funded teacher salary supplements for National Board Certification by suspending the incentive program for new applicants during the coming fiscal year. A Joint Teacher Salary Study Committee is created to examine potential changes to the state's teacher salary schedule that may include a pay for performance model.

\$6.2 million is provided for school buses and the Department of Education is provided the flexibility of either purchasing or leasing vehicles.

Full funding is provided for the LIFE, HOPE, and Palmetto Fellows scholarship programs.

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Over \$24 million is devoted to worker training through the Ready SC Program at the state's technical colleges.

\$28.25 million is included to grant a 2% state employee pay raise. The increases needed to fund the Employee Health Insurance Program are divided equally between employer and employee, representing a monthly increase of \$7.33 for the average employee. Full funding is provided for the employer share of the increases needed for the state's retirement systems.

An additional 3% pay raise is provided for Class One officers at the Department of Public Safety, The Department of Probation, Pardon, and Parole Services, and the Department of Natural Resources for a total raise of 5% for these employees.

Over \$21 million in new funds is provided for the state's two primary law enforcement departments, South Carolina's Law Enforcement Division (SLED) and the Department of Public Safety.

Funding is provided to add three Circuit Court judges and three Family Court judges to cope with caseloads.

Full funding is provided for the Medicaid program's Maintenance of Effort which allows the program to continue to offer services at the current level. Funding for the state's health insurance program for low-income residents accommodates the inclusion of around 70,000 children who already qualify for participation in the program, but had not yet been enrolled.

The Department of Health and Environmental Control is provided \$1 million for the AIDS Drug Assistance Program, \$1 million for child immunizations, and \$1.8 million for community health centers.

Over \$18 million in funding is restored for the Department of Mental Health.

\$3.6 million is provided to Vocational Rehabilitation for a nearly complete match of available federal funds.

The House approved a suspension of the requirement for distributing 4.5% of the previous year's state General Fund amount to the counties and municipalities and, instead, keeps the Local Government Fund at its current reduced level of \$182 million. A flexibility provision is included that allows a political subdivision to reduce its support of any state mandated program or requirement by up to a percentage equal to the reduction in the Local Government Fund. Local governments may not, however, reduce support for solicitors, public defenders, or any judicial functions.

A budget proviso prohibits counties, municipalities, and all other local government entities from using taxpayer funds to pay for lobbying activities. The Governor's Office is also prohibited from using General Fund appropriations to compensate employees who engage in lobbying activities.

The Department of Employment and Workforce is required to make a comprehensive report on its finances and conduct.

Funding is increased by \$8 million for the destination-specific tourism advertising program at the Department of Parks, Recreation, and Tourism.

Funding is increased for the Forestry Commission by nearly \$6 million to enhance the state's capabilities in fighting forest fires.

BILLS INTRODUCED IN THE HOUSE THIS WEEK

AGRICULTURE, NATURAL RESOURCES, AND ENVIRONMENTAL AFFAIRS

S.1029 *GEOGRAPHIC BOUNDARIES FOR CERTAIN BODIES OF WATER* Sen. Martin

This bill makes technical changes to the geographic boundaries of certain bodies of water.

H.5032 *"SOUTH CAROLINA ISOLATED WETLANDS ACT OF 2012"* Rep. Hardwick

This bill provides for isolated wetlands that are not regulated by the Federal Clean Water Act. The bill establishes procedures and criteria for the Department of Health and Environmental Control to issue permits for conducting certain discharging, draining and ditching activities in isolated wetlands.

EDUCATION AND PUBLIC WORKS

S.105 *AGRITOURISM AND TOURISM ORIENTED SIGNAGE PROGRAM* Sen. Verdin

This legislation directs the Department of Transportation (DOT) to create and supervise a coordinated, self-funded, statewide program related to providing directional signs along the state's major rural highways leading to tourism and agritourism-oriented facilities. DOT shall coordinate with the Department of Agriculture and the Department of Parks, Recreation and Tourism, as applicable, to allow those departments to promote tourism and agritourism facilities participating in this directional signage program.

H.5019 *UNITED STATES MARINE CORPS SPECIAL LICENSE PLATES AND UNITED STATES NAVAL ACADEMY SPECIAL LICENSE PLATES* Rep. Herbkersman

This legislation authorizes the Department of Motor Vehicles to issue United States Marine Corps special license plates. Relating to the issuance of United States Naval Academy special license plates, this legislation provides that a widow or widower of a graduate of the United States Naval Academy may be issued this special license plate.

H.5025 BOARD OF TRUSTEES OF SOUTH CAROLINA STATE UNIVERSITY

Rep. Govan

This legislation reduces the number of board members at South Carolina State University from thirteen to eleven. It revises the manner in which members of the board are elected. The General Assembly shall elect one member from each of the seven congressional districts, and three alumni members shall be elected by the National Alumni Association of the university. The Governor or her designee is ex officio, the eleventh member of the board of trustees. Under the legislation, the terms of all presently elected members of the board shall expire on June 30, 2012, at which time their successors elected as provided by this legislation shall take office.

JUDICIARY

S.1099 JUVENILE PAROLE BOARD MEMBERS TO RECEIVE A HEARING

FEE Sen. Fair

This legislation provides that members of the Board of Juvenile Parole shall receive a hearing fee in an amount provided by the General Assembly in the annual appropriations act.

**S.1062 PROHIBITION ON THE DEPARTMENT OF CORRECTIONS USING
STATE FUNDS TO PROVIDE A PRISONER WITH SEXUAL
REASSIGNMENT SURGERY Sen. Bryant**

This legislation prohibits the Department of Corrections from using state funds or state resources to provide a prisoner in the state prison system sexual reassignment surgery; however, if a person is taking hormonal therapy at the time the person is committed to the Department of Corrections, the department shall continue to provide this therapy to the person as long as medically necessary for the health of the person.

**S.1227 PROHIBITION ON CAMPING, SLEEPING, OR USE OF THE STATE
HOUSE GROUNDS AND ALL BUILDINGS LOCATED ON THE
GROUNDS FOR LIVING ACCOMMODATIONS PURPOSES Sen.**

Peeler

This legislation prohibits a person or group of persons from using the State House grounds or the buildings located on the grounds for: (1) camping, or other living accommodations purposes; (2) sleeping, or making preparations to sleep; (3) storing personal belongings that support camping or other outdoor living accommodations purposes; (4) building a campfire; (5) erecting tents or other structures used for camping or outdoor living accommodations; (6) digging or breaking ground without proper written authorization; or (7) cooking, or cooking activities that support camping or other outdoor living accommodations purposes. This prohibition applies regardless of the participant's intent or the nature of other activities in which the participant may be engaged.

S.1285 EXECUTION OF WARRANTS Sen. Knotts

Relating to endorsement and execution of warrants issued in other counties or by municipal authorities, this legislation provides that a warrant is not required to be endorsed by a magistrate in the county where a person charged with a crime resides or

where he is located. The legislation includes provisions for serving the warrant under these circumstances.

H.5007 DISSOLUTION OF A MECHANIC'S LIEN Rep. J. E. Smith

Relating to the dissolution of a mechanic's lien upon the failure of a certain event to occur within a specific time period, this legislation adds a basis for beginning the running of this time period. The legislation also corrects archaic language.

H.5024 STATEMENTS OF ECONOMIC INTERESTS Rep. Funderburk

This legislation requires a person, upon leaving public office or employment, to file a closeout statement of economic interests which covers the period from the person's last filed statement of economic interests through the date on which the person left public office or employment.

H.5030 MULTIJURISDICTIONAL TASK FORCE Rep. Tallon

Relating to the temporary transfer or assignment of a municipal or county law enforcement officer to a multijurisdictional task force, this legislation makes a technical change. It also deletes the provision that requires a county or municipality that sends an officer to another county or municipality to be reimbursed for services by the county or municipality to which the officer is transferred or assigned. The legislation provides that the governing bodies of the political subdivisions affected by this provision must be notified by their law enforcement divisions of any multijurisdictional task force agreement execution and termination. The notification must be in writing and accomplished within seventy-two hours of the agreement's execution and within seventy-two hours of the agreement's termination.

LABOR, COMMERCE AND INDUSTRY

H.5029 OFF-SITE DISPLAY OF AUTOMOBILES AND TRUCKS Rep. Thayer

This bill prohibits the off-site displays of automobiles or trucks except under specified conditions. The legislation provides that a licensed South Carolina automobile dealer or dealer of trucks may display not more than ten automobiles or trucks per licensed dealership off-site only at nonselling temporary events lasting no more than ten days hosted by a South Carolina based charitable organization, school fundraising event, church fundraising event, town fair, town festival, or any other similar festival or event. Used automobile or truck dealers may conduct off-site displays under these restrictions in the county in which their dealership is located. Displays may be conducted only by South Carolina licensed dealers and any vehicle displayed must be owned by the dealer. A violator is subject to a five hundred dollar fine. Off-site displays are for display purposes only. Sales and attempted sales are not permitted. A violator is subject to a five hundred dollar fine. A motor vehicle manufacturer cannot require a franchised automobile or truck dealer to display automobiles or trucks off-site.

WAYS AND MEANS

H.4993 TAX EXEMPTIONS FOR BUSINESS PERSONAL PROPERTY AND MANUFACTURING PROPERTY Rep. Stringer

This bill provides property tax exemptions of forty-two and seventy-five one hundredths percent of the fair market value for both manufacturing property and business personal property. The legislation provides for these exemptions to be phased in over four years.

H.4994 INCOME TAX REDUCTION/ SALES TAX REVISION Rep. Stringer

This bill revises individual income tax provisions by eliminating the four, five, and six percent income brackets and providing instead for those incomes to be taxed at three percent. The legislation revises income tax rates for pass-through trade and business income by reducing the tax rate from five percent to three percent. The legislation eliminates numerous sales tax exemptions and provides that the additional revenue generated must be used to reduce the overall sales tax rate. The legislation reestablishes the Joint Committee on Taxation and charges the committee with conducting a cost benefit review of sales tax exemptions every five years, if not more frequently.

H.4995 SALES TAX REVISION Rep. Stringer

This bill eliminates numerous sales tax exemptions and provides that the additional revenue generated must be used to reduce the overall sales tax rate. The legislation reestablishes the Joint Committee on Taxation and charges the committee with conducting a cost benefit review of sales tax exemptions every five years, if not more frequently.

H.4996 CORPORATE INCOME TAX REDUCTION Rep. Stringer

This bill revises income tax rates for pass-through trade and business income by reducing the tax rate from five percent to three percent.

H.4997 INDIVIDUAL INCOME TAX REDUCTION Rep. Stringer

This bill revises individual income tax provisions by eliminating the four, five, and six percent income brackets and providing instead for those incomes to be taxed at three percent.

H.4998 COMMERCIAL PROPERTY TAX REDUCTION Rep. Stringer

This bill revises property tax provisions by reducing the assessment ratio on commercial and other applicable real property from six percent to five percent of value.

H.4999 ELIMINATION OF THE CORPORATE INCOME TAX Rep. Stringer

This bill provides for the elimination of the corporate income tax over a four year period.

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